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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Interim Administration Mission in Kosovo

Budget performance for the period from 1 July 2011 to 30 June 2012 and budget for the period from 1 July 2013 to 30 June 2014 of the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2011/12	$48,300,100
Expenditure for 2011/12	$46,587,900
Unencumbered balance for 2011/12	$1,712,200
Appropriation for 2012/13	$46,963,000
Projected expenditure for 2012/13[a]	$45,150,000
Estimated unencumbered balance for 2012/13[a]	$1,813,000
Proposal submitted by the Secretary-General for 2013/14	$44,953,100
Recommendation of the Advisory Committee for 2013/14	$44,953,100

[a] Estimates as at 31 January 2013.

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I. Introduction

1. **The Advisory Committee on Administrative and Budgetary Questions recommends approval of the Secretary-General's proposals for the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2013 to 30 June 2014 (A/67/700). The Committee has made recommendations and observations on specific issues, where appropriate, in the paragraphs below.**

2. During its consideration of the financing of UNMIK, the Advisory Committee met with representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 22 March 2013. The documents reviewed and those used for background by the Committee are listed at the end of the present report. The Committee's detailed comments and recommendations on the findings of the Board of Auditors on the United Nations peacekeeping operations for the period from 1 July 2011 to 30 June 2012 and on cross-cutting issues related to peacekeeping operations can be found in its forthcoming related reports (A/67/782 and A/67/780, respectively).

II. Budget performance for the period from 1 July 2011 to 30 June 2012

3. In its resolution 65/300, the General Assembly appropriated an amount of $44,914,800 gross ($40,533,500 net) for the maintenance of the Mission for the period from 1 July 2011 to 30 June 2012. Following a subsequent note by the Secretary-General informing the Assembly of additional resource requirements (A/66/777) and the Committee's related recommendation (A/66/718/Add.20), the Assembly appropriated, without assessment, an additional amount of $3,385,300 gross. The total appropriation for the maintenance of the Mission for the period from 1 July 2011 to 30 June 2012 therefore amounted to $48,300,100 gross ($43,589,400 net). Expenditures for the period totalled $46,587,900 gross ($42,160,600 net). The resulting unencumbered balance of $1,712,200, in gross terms, represents 3.5 per cent of the total appropriation.

4. An analysis of variances is provided in section IV of the performance report for the period from 1 July 2011 to 30 June 2012 (A/67/587). The reduced requirements for international staff ($1,503,300) were attributable mainly to: (a) the lower costs of classification of Field Service posts owing to the actual percentage increment between grade levels, which was lower than budgeted; (b) the actual average vacancy rate of 10.9 per cent during the reporting period as compared with the anticipated average vacancy rate of 10.0 per cent; and (c) the decision by the International Civil Service Commission, approved by the General Assembly in its resolution 66/235, to reduce the staff assessment rates by 15 per cent effective 1 January 2012 (ibid., para. 35).

5. The comments of the Advisory Committee on the information presented in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2013 to 30 June 2014 (A/67/700) in the paragraphs below.

III. Information on performance for the current period

6. The Advisory Committee was informed that, as at 31 January 2013, a total of $2,891,205,000 had been assessed on Member States in respect of UNMIK since its inception. Payments received as at the same date amounted to $2,845,893,000, leaving an outstanding balance of $45,312,000. **The Committee notes with concern that the cash position of the Mission was $8,400,000 as at 25 February 2013 (including $28.5 million borrowed from the United Nations Protection Force), which does not cover the three-month operating cash reserve of $11,721,000 (representing a shortfall of $3,321,000). The Committee recalls that the General Assembly has consistently stressed that all Member States should fulfil their financial obligations as set out in the Charter of the United Nations on time, in full and without conditions.**[1]

7. The Advisory Committee was informed that there was one pending death and disability claim. **In this regard, the Committee encourages the Mission to settle the claim as soon as possible.**

8. The Advisory Committee was informed that as at 31 January 2013, the incumbency for UNMIK for the period from 1 July 2012 to 30 June 2013 was as follows:

	Authorized[a]	*Encumbered*	*Vacancy rate (percentage)*
Military and police personnel			
Military observers	8	8	0
United Nations police	8	7	12.5
Civilian personnel			
International staff	162	133	17.9
National staff	211	209	1.4
National Professional Officers	11	11	0
National General Service	200	197	1.5
General temporary assistance			
National staff	1	1	0
United Nations Volunteers	28	28	0

[a] Represents the highest authorized strength for the period.

9. The Advisory Committee was provided with a table showing current and projected expenditures for the period, including reasons for variances. Expenditure for the period as at 31 January 2013 amounted to $26,540,800. Total expenditure at the end of the current financial period is estimated at $45,150,000 against an appropriation of $46,963,000, leaving a projected unencumbered balance of $1,813,000.

[1] See also General Assembly resolutions 66/246, 65/293, 64/243, 62/236, 56/253 and 54/249.

IV. Proposed budget for the period from 1 July 2013 to 30 June 2014

A. Mandate and planned results

10. The mandate of UNMIK was established by the Security Council in its resolution 1244 (1999). The mandate, planned results, planning assumptions and mission support initiatives are explained in paragraphs 2 to 14 of the proposed budget (A/67/700). The Secretary-General indicates that with the expected reduction in the strength, operational functions and activities of other international actors, the Mission must be prepared to fulfil some key responsibilities with less assistance from international mandate holders on the ground (ibid., para. 10). The report provides that in the area of community confidence-building, the Mission's role would be substantially enhanced by the establishment of funds for quick-impact projects in the 2013/14 period (ibid., para. 11; see also para. 25 below).

11. The report states that UNMIK was categorized as a family duty station effective 1 January 2013, the financial impact of which, if any, is not immediately known and is not included in the proposed budget (ibid., para. 14). Upon enquiry, the Advisory Committee was informed that the financial implications would be included in the 2014/15 budget proposal through the updated salary scale, which will be based on actual expenditure at the time of preparation (2013). The Committee was further informed that any financial implications for the current and 2013/14 periods would be absorbed within approved resources and reported on in the context of the relevant performance reports.

12. Paragraphs 15 and 16 of the report provide information on partnerships, country team coordination and integrated missions. UNMIK will ensure international engagement in areas where it has comparative advantages among international presences, including in those geographical regions where other international actors are less operational. In addition, UNMIK will continue to enhance its cooperation with the United Nations Kosovo Team as part of the integrated mission planning process to maximize the collective impact of the United Nations family and other partners in Kosovo.

B. Resource requirements

13. The proposed budget for UNMIK for the period from 1 July 2013 to 30 June 2014 amounts to $44,953,100, representing a decrease of $2,009,900, or 4.3 per cent, in gross terms, compared with the appropriation of $46,963,000 for 2012/13. The Advisory Committee notes that, compared with the projected expenditure of $45,150,000 for 2012/13 (see para. 9 above), the proposed decrease in resources for 2013/14 would amount to $196,900. The budget provides for the planned deployment of 8 military observers, 8 United Nations police officers, 132 international staff, 214 national staff and 28 United Nations Volunteers.

14. The main component ($3,160,200) of the decreased requirements for 2013/14 is the international staff expenditure class, in particular the reduction of 3 Professional and 31 Field Service posts owing to the reconfiguration and downsizing of the Mission's support component, including the conversion to national posts of 6 international posts and the abolishment of 28 international posts, partly offset by

the reduction in the vacancy rate owing to the reduction in posts and the establishment of four posts to strengthen the Mission's substantive delivery in the Mitrovica region. An analysis of variances is provided in section III of the proposed budget.

1. Military and police personnel

Category	*Approved 2012/13*[a]	*Proposed 2013/14*	*Variance*
Military observers	8	8	–
United Nations police	8	8	–

[a] Represents the highest level of authorized/proposed strength.

15. The estimated requirements for military and police personnel for 2013/14 amount to $713,400, a decrease of $26,600, or 3.6 per cent. compared with the appropriation for 2012/13.

2. Civilian personnel

Category	*Approved 2012/13*	*Proposed 2013/14*	*Variance*
International staff	162	132	(30)
National staff	211	214	3
Temporary positions	1	–	(1)
United Nations Volunteers	28	28	–
Total	**402**	**374**	**(28)**

16. The estimated requirements for civilian personnel for 2013/14 amount to $35,514,800, a decrease of $1,811,300, or 4.9 per cent, compared with the appropriation for 2012/13. The cost estimates for civilian staff reflect vacancy factors of 5 per cent for international staff, 5 per cent for National Professional Officers, 1 per cent for national General Service staff and 5 per cent for United Nations Volunteers (ibid., para. 59).

17. The decreased requirements for 2013/14 are attributable mainly to international staff (see para. 14 above). Increased requirements amounting to $1,489,000 under national staff, are attributable primarily to an increase in the salary scale effective 1 February 2012, the higher average grade levels following the classification of posts in UNMIK and the proposed addition of 8 National Professional Officer posts and the net reduction of 5 national General Service posts.

18. A detailed description of the changes proposed under each component is provided in paragraphs 23 to 54 of the proposed budget. As indicated in the table above, the proposed staffing level represents a net decrease of 28 posts, comprising the establishment of 7 posts under component 1, Substantive, and the abolishment of 35 posts under component 2, Support. Upon enquiry, the Advisory Committee was informed that the reduction in the staffing level would not have a negative impact on the activities and work of the Mission with regard to mandate implementation and the security of staff and property. Upon enquiry as to the ratio of support to substantive staff, the Committee was informed that the staffing proposals had been

formulated in accordance with General Assembly resolution 66/264, although it was not possible to establish an optimal ratio owing to the unique situation of each mission. Further information in this regard will be contained in the Committee's forthcoming report on cross-cutting issues related to peacekeeping operations.

19. With respect to the establishment of seven posts under component 1, Substantive, the Secretary-General proposes to establish a Legal/Judicial Affairs Officer post (P-3) and a Legal Expert post (National Professional Officer) in the Rule of Law Liaison Office, both to be based in the Mitrovica region; and three Civil Affairs Officer posts (1 P-4, 1 P-2 and 1 National Professional Officer) and two Human Rights Officer posts (1 P-2 and 1 National Professional Officer) in the regional Mitrovica Office. The proposed posts in the Rule of Law Liaison Office would address new rule of law issues that have emerged in areas where intercommunity issues have transpired, specifically in northern Kosovo, and reinforce the Mission's role as an impartial broker facilitating solutions on the ground, in close liaison with relevant institutional actors and stakeholders. In addition, the Legal/Judicial Affairs Officer would facilitate the issuance of International Wanted Notices (ibid., para. 23).

20. In the regional Mitrovica Office, the proposed Civil Affairs Officers would be responsible for ensuring effective coordination, facilitation and liaison with local counterparts and international partners in the Mitrovica region, focusing on strengthening effective local and international action for the protection of cultural and religious heritage sites, as well as fostering interreligious dialogue to promote tolerance and reconciliation between the communities. The proposed Human Rights Officers would ensure an increased focus on key human rights and gender issues in the region and on community relations (ibid., paras. 24-26).

21. Upon enquiry as to those seven posts, the Advisory Committee was informed that UNMIK had broader popular acceptance in northern Kosovo than other international partners and was well placed to conduct outreach activities with the local communities to support the reconciliation process and work effectively with rule of law interlocutors and institutions. UNMIK also has unrestricted access to areas in northern Kosovo that other partners may not be able to enter, providing UNMIK with a comparative advantage and an unmatched level of communication and outreach to the entire range of local communities in northern Kosovo. Nevertheless, the Mission has initiated several coordination mechanisms to prevent overlap with other entities. The Committee was further informed that the overall situation in northern Kosovo had become increasingly fragile, as reflected by 67 serious incidents involving arson, shootings and explosions since August 2012. There is therefore a need to enhance inter-community efforts aimed at reconciliation and to increase engagement in the rule of law area, in parallel with the ongoing political process. The Committee was also informed that the posts would continue to be required for the implementation of the UNMIK mandate in the foreseeable future in order to ensure that the conditions in northern Kosovo are such that the political dialogue between Belgrade and Pristina may continue in a constructive manner. **Taking into account the information provided, the Committee recommends approval of the staffing changes proposed by the Secretary-General.**

3. Operational costs

(United States dollars)

Apportioned 2012/13	*Proposed 2013/14*	*Variance*
8 896 900	8 724 900	(172 000)

22. The estimated operational requirements for 2013/14 amount to $8,724,900, a decrease of $172,000, or 1.9 per cent, compared with the appropriation for 2012/13.

23. The decrease is attributable mainly to lower requirements under:

(a) Official travel ($176,100), owing to reduced travel for training, as the Mission will focus on in-house training, greater utilization of videoconferencing, the use of facilitators from other United Nations entities and the booking of official travel at least 14 days in advance;

(b) Facilities and infrastructure ($237,100), owing to decreased provisions for security services, reduced requirements for rental of premises and reduced costs of maintenance, partly offset by increased costs of alteration and renovation services, the need for a containerized workshop for the repair and maintenance of generators, the replacement of four generators and the acquisition of 150 air conditioners;

(c) Ground transportation ($235,500), as no vehicles will be acquired in the 2013/14 period and because there will be reduced requirements for petrol when aged vehicles are withdrawn and disposed of without replacement. **The Advisory Committee welcomes the Mission's efforts to reduce requirements by limiting the acquisition of vehicles.**

24. The overall reduced requirements are partly offset by increased provisions for (a) information technology ($192,000) owing to provisions for first-, second- and third-level support and upgraded/updated software systems and applications and centrally provided Office of Information and Communications Technology support services; and (b) quick-impact projects ($425,000) to promote reconciliation initiatives between communities in ethnically mixed areas, with special emphasis on cultivating progress between communities living north and south of the Ibar River.

25. Upon enquiry as to the establishment of quick-impact projects beyond the start-up phase of a mission, the Advisory Committee was informed that the General Assembly, in its resolution 61/276, welcomed the inclusion of quick-impact projects in peacekeeping budgets and recognized that funding for such projects for the third year of a mission and beyond may be requested if there is a requirement for confidence-building activities. The Committee was also informed that recent tensions in Kosovo at the local level show that confidence-building measures and reconciliation still require further support to build sustainable peace. The Mission's comparative advantage on the ground in the promotion of grass-roots confidence-building initiatives and the promotion of reconciliation among different communities in Kosovo could be further enhanced by the implementation of quick-impact projects, operating in coordination with other donor programmes. The Mission anticipates that approximately half of the proposed funding for such projects will be for projects in northern Kosovo. **In view of the importance of confidence-building measures aimed at promoting reconciliation among different communities in Kosovo, the Committee recommends approval of the**

request for funds for quick-impact projects. The Committee stresses the need for continued coordination with other relevant actors, such as the United Nations Kosovo Team and local partners, in order to avoid duplication of efforts.

26. Upon enquiry, the Advisory Committee was informed that 97 per cent of the Mission's annual electricity consumption was supplied by the electrical grid, which is substantially cheaper than using generators, and that the Mission used generators only when necessary. **The Committee commends the Mission's approach to energy efficiency and welcomes the savings achieved.**

4. Other matters

Efficiency gains

27. The following efficiency gains are described in paragraphs 56 and 57 of the budget report: (a) $2,039,700 owing to the reduction of 11 international and 6 national posts following a reconfiguration of four sections, resulting in the streamlining of functions and more cost-efficient delivery of the support and security services; and (b) $176,100 owing to reduced travel costs (see also para. 23 (a) above).

Training

28. Information with respect to the estimated requirements for training for 2013/14 is provided in paragraphs 60 to 62 of the report. The Mission intends to send international staff to external training for Senior Mission Administration and Resource Training (SMART), Umoja, the International Public Sector Accounting Standards, an Action-Centred Leadership course for managers and other courses with the concept of training of trainers, so that upon their return participants can organize in-house training for national staff. The Advisory Committee notes that it is proposed that 1 external training course be conducted for national staff in 2013/14, compared with 11 courses in 2011/12 and 12 planned for 2012/13. **The Committee recalls its previous recommendation encouraging more use of in-house training and welcomes the Mission's strategy in this regard, as well as the resulting reduction in external training courses for national staff (see also A/66/718/Add.7, para. 34).**

V. Conclusion

29. The action to be taken by the General Assembly in connection with the financing of UNMIK for the period from 1 July 2011 to 30 June 2012 is indicated in section V of the performance report (A/67/587). **The Advisory Committee recommends that the Assembly:**

(a) **Reduce the appropriation of $48,300,100 by $1,712,200 to a total of $46,587,900, equal to expenditures incurred during the period;**

(b) **Apply other income in respect of the financial period ended 30 June 2012 in the amount of $905,900 from interest income ($65,000), other/miscellaneous income ($482,900) and the cancellation of prior-period obligations ($358,000) against the shortfall in assessment for the same period;**

(c) **Assess the additional amount of $767,200, representing the difference between the shortfall in assessment ($1,673,100) and other income ($905,900), for the period ended 30 June 2012.**

30. The action to be taken by the General Assembly in connection with the financing of UNMIK for the 2013/14 period is indicated in section IV of the proposed budget (A/67/700). **The Advisory Committee recommends that the Assembly appropriate and assess the amount of $44,953,100 for the maintenance of the Mission for the 12-month period from 1 July 2013 to 30 June 2014.**

Documentation

- Budget performance of the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2011 to 30 June 2012 (A/67/587)
- Budget for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2013 to 30 June 2014 (A/67/700)
- Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo (S/2012/818)
- Report of the Board of Auditors on United Nations peacekeeping operations for the 12-month period from 1 July 2010 to 30 June 2011 (A/66/5 (Vol. II), chap. II)
- Report of the Board of Auditors on United Nations peacekeeping operations for the 12-month period from 1 July 2011 to 30 June 2012 (A/67/5 (Vol. II), chap. II)
- Report of the Advisory Committee on Administrative and Budgetary Questions on cross-cutting issues related to United Nations peacekeeping operations (A/67/780)
- Report of the Advisory Committee on Administrative and Budgetary Questions on budget performance for the period from 1 July 2010 to 30 June 2011 and proposed budget for the period from 1 July 2012 to 30 June 2013 of the United Nations Interim Administration Mission in Kosovo (A/66/718/Add.7)
- Report of the Advisory Committee on Administrative and Budgetary Questions on financing arrangements for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2011 to 30 June 2012 (A/66/718/Add.20)
- General Assembly resolutions 65/300 and 66/274 on the financing of the United Nations Interim Administration Mission in Kosovo
- Security Council resolution 1244 (1999)